

HOSPITALITY COVER PLUS+

Hospitality Risk Management




Risk Management Techniques that Make a Difference

Cyber Security

The frequency and size of ransomware incidents continue to rise significantly. Both the federal government and private associations have taken actions to disrupt and deter ransomware attacks. Due to their higher turnover and limited staff, limited-service hotels are extremely vulnerable to cyber-attacks stemming from malware, phishing, social engineering, and other digital trappings.

Antivirus Software

- Confirm antivirus software is running on all computers
- Perform a health check on the hotel's antivirus software to ensure that it is functioning, updated, and that all detection and prevention options are enabled
- Establish that the hotel monitors for and responds to antivirus alerts

Remote Access

- Remove unauthorized remote access tools from all computer assets
- Require Multi-Factor Authentication (MFA/2FA) for all forms of remote access, including all access to VPN services

Email Security

- Restrict the auto-forwarding of email messages outside of your email environment

- Add an "External" tag to all email messages originating outside of your hotel or organization
- Ensure that email security measures (antivirus, malicious link protection) are applied to email messages
- Require Multi-Factor Authentication for remote email access
- Do not conduct any wire transfers based on the emailed instructions. Protect against malicious wire fraud attacks by verifying all instructions by phone

Security Hygiene

- Remove USB thumb drive access for all users
- Remove Local Administrator access for all users on desktop or laptop endpoints
- Confirm that operating system patches and upgrades are up to date
- Ensure that the hotel has backups for all systems and that access to backup files is not possible from the file system of protected systems. The separation ensures that if an infection were to occur, it would be unable to corrupt the backups
- Utilize patch software that interacts with the internet using the latest available updates



Winter Maintenance

Properties around the country continue to experience freezing temperatures and frigid weather. GMs and their teams have a responsibility to maintain safe conditions for employees and guests around the property. During the winter season, as snow falls and ice forms, all walkways, stairways, driveways, interior roadways, and parking lots become safety hazards, for which the hotel can be held liable. It is critical to establish a plan for how you will remove snow and ice and who will do so. Identify when removal will take place as it relates to when snow falls. Make these preparations in advance of inclement weather to minimize any lag time in snow removal and review these plans regularly with all vendors and members of your team.

A snow removal program should utilize, as a minimum, the guidelines below. Ensure that these plans consider impassable roads, power outages, and the inability of snow removal contractors to access the hotel.

- Identify responsibilities, communication, documentation, strategies, equipment needs, and follow-up procedures in advance.
- Partner with a qualified, properly insured snow removal contractor. Investigate the quality of their work, timeliness of work during a storm, insurance coverage, equipment adequacy, experience, references, and ability to work with your property's specific needs. **Provide the Hospitality Cover Plus+ Risk Management Team with a copy of the contract and current Certificate of Insurance for review.**
- Plan to routinely clear snow away from hydrants, sprinkler control valves, smoke and heat vents, and other essential equipment.
- Obtain a Certificate of Insurance for any third party contracted to work on the property, including all snow removal contractors, before any work commences. This Certificate of Insurance must name property ownership and management as Additional Insureds and meet the requirements detailed in the Certificate Procurement Program. Sole proprietors, without exception, seeking to provide services on your property must also carry insurance coverage that meets or exceeds the Hospitality Cover Plus+ Risk Management Team requirements. **All Certificates of Insurance should be submitted to the Hospitality Cover Plus+ Risk Management Team for review before any work commences.**

Failure to procure necessary Certificates of Insurance leaves property ownership and management open to claims and lawsuits that may arise from the negligence of uninsured or underinsured service providers. If you are unsure as to whether a Certificate of Insurance is needed or experience difficulty in obtaining a Certificate of Insurance, please contact the Hospitality Cover Plus+ Risk Management Team for assistance.

Place weather mats at all entrances and exits of the building. These mats should be placed inside and outside to catch snow and water. Regularly inspect mats to make sure that they have not begun to wear or curl. Consider working with a licensed mat replacement company to ensure clean, sturdy mats at all entrances. It is critical to obtain a Certificate of Insurance, naming both ownership and management as Additional Insured, from the mat replacement company.

Securely tie or weigh down supplies and furniture so that gusts of wind do not turn them into projectiles. Ensure the integrity of the building exterior by closing up unnecessary openings. Confirm all windows, doors, and skylights are weather-tight. Install snow fences and marker poles at hydrants and sprinkler control valves. If your property has attic space, make sure that it is fully insulated, heated and ventilation is maintained. Examine the entire heating system, including ancillary components (boilers, piping, burners, and controls) and repair where necessary. Develop a list of phone numbers for emergency response contractors. Report all snow and ice cleanup on a snow removal and salt log as soon as the tasks are completed. Include the time, person, or contractor responsible, and conditions of walkways or parking lots at the time.

If possible, do not drive hotel vehicles in inclement weather. Employees driving hotel vehicles present a significant risk for the hotel, and this risk is amplified in inclement weather. All vehicles should be equipped with winter emergency material, such as snow scrapers, blankets, a first aid kit, flashlights, and flares. Vehicles not equipped to drive in snowy or icy conditions should be kept off the roads for the safety of employees, guests, and other drivers. Vehicles and machinery that are not outfitted to be driven in the inclement weather should be stored with no employee access during these conditions. Any employee authorized to drive in inclement weather should be trained in safe, cautious driving techniques and what to do in the event of an accident.



DID YOU KNOW?

Sidewalk, parking lot, and curb cracks may occur over time due to a variety of circumstances. Any small rises or dips in pavement or sidewalk should be repaired immediately and cordoned off until repairs can be made. In many states, even just a small rise can trigger liability on behalf of a hotel in the event of a guest injury. Any repairs should be completed in short order and the area should be clearly marked until the hazard is resolved.

FROM YOU:

Q: What do I need to document when clearing snow and ice on property?

A: For all snow and ice removal activity, keep a log of the date, time, action taken, weather conditions, and parties responsible. If snow and ice removal is handled by a third-party contractor, always obtain a copy of its snow removal and salt log as well as a valid, up to date Certificate of Insurance. A signed contract, and Certificate of Insurance reviewed by the Hospitality Cover Plus+ Risk Management Team, should be in place with all third-party contractors before any work begins.

Water System Maintenance

As temperatures drop throughout the season, the largest property claims are frequently leaks or bursts of sprinkler systems, water service pipes, or components. Frozen pipes in these systems occur most often in exposed or out-of-way areas and during slow periods at the property. This may include attics or walls that border the exterior of the building.

The freezing of sprinkler and water systems often occurs in regions not normally associated with colder weather, where systems may not be regularly inspected in advance of cold weather. Many areas of the country continue to experience rapid, dramatic temperature drops. Most frozen pipes result from a failure to provide adequate heat or insulation, as well as cracks, loose

siding, exterior holes or gaps, and similar defects in building maintenance.

In advance of any anticipated weather below 40°F, every property should include, at least, the following steps in any inspection process:

- Confirm that all regularly scheduled maintenance has occurred and that any necessary repairs have been fully completed.
- Any piping exposed to the outdoors should be enclosed in heated, insulated, and weathertight materials. Pay close attention to any pipes in attics, crawl spaces, or other confined areas or spaces.
- Confirm that all areas of the building maintain a temperature of at least 50°F to prevent freezing. This includes all rooms or areas containing wet pipe sprinklers, risers, valve closets, sprinkler components, wet stand-pipes, and fire pumps.
- Consider the installation of low-temperature alarms with central station monitoring and response in remote areas, attics, and confined spaces.
- As needed, provide temporary interior openings to allow in heat from interior areas to the sprinkler system.
- Never use open flames or torches to thaw frozen pipes.
- Do not use electrical heat tape on dry pipe valves as a substitute for permanent heating or insulation.
- Protect fire extinguishers from cold temperatures and make sure they can withstand low temperatures (antifreeze or ABC-labeled extinguishers).
- Lubricate all sprinkler control valves and locks.
- On a daily basis, check any unoccupied rooms for any leaks or pipe breaks.

Dry sprinkler systems are generally installed in areas of buildings where temperatures regularly reach below 40°F. These systems can still freeze due to water collecting in improperly pitched pipes, failure to remove accumulated water from low-point drains, or failure to drain the system properly after an alert valve has been tripped. Dry systems should also be regularly inspected by a licensed sprinkler contractor.



Hotel Insurance Marketplace Update - February 2024

In December, the property and casualty industry reported a \$32.2B net underwriting loss for the first nine months of 2023, a \$7.6B slide from the same period in 2022, according to AM Best. U.S. commercial insurance rates rose 5.6% on average in the fourth quarter of 2023 and 4.6% for all of 2023, insurance exchange Market Scout Corp reported. Commercial Property insurance rates again saw the biggest increase at 8.3%, followed by Automobile insurance rates, up 7%. In other major lines of coverage, Umbrella / Excess Liability rates were up 6.7%, and General Liability rates increased 5.3%. Wind coverage, especially Named Wind coverage, is at nearly historic highs in pricing and lows in availability nationwide.

Continuing to follow your safety and risk management programs and protocols, including the documentation of those activities, is more critical than ever. It is paramount to differentiate yourselves from the average hotel around the country. In this way, you can outperform, and thus realize more competitive rates than what the marketplace is delivering on average to your competitors. **If you have any questions on this or need any assistance, please contact us at any time.**

Our team will continue to assist you in managing the property and liability exposures at your properties, which will serve to reduce claims activity and set you apart from the average hotel. **The Hospitality Cover Plus+ Risk Management Team looks forward to continuing to work with you and your team in the implementation and execution of the risk management techniques that continue to make a proven difference.**

Additional risk management resources, including your guide to claims reporting, additional claims forms, past and current newsletters are always available online at: <https://www.dii-ins.com/specialty-programs/hospitality-cover-plus/>

Diversified Insurance Industries

307 International Circle, Suite 610, Hunt Valley, Maryland 21030 | Tel. 410.433.3000 | 888.433.3553
www.dii-ins.com